

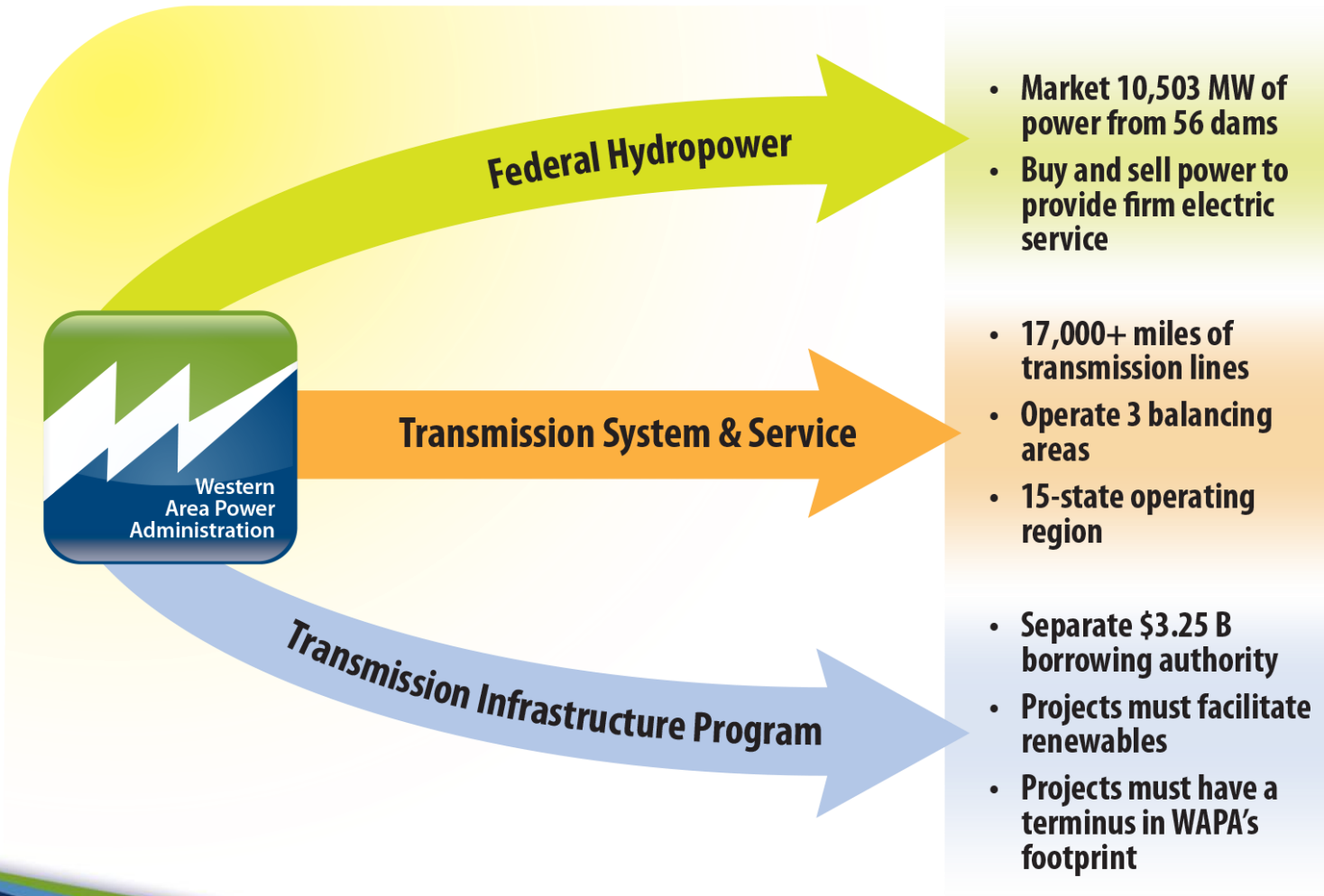
WAPA's position on industry trends and changes

Nebraska customer tour

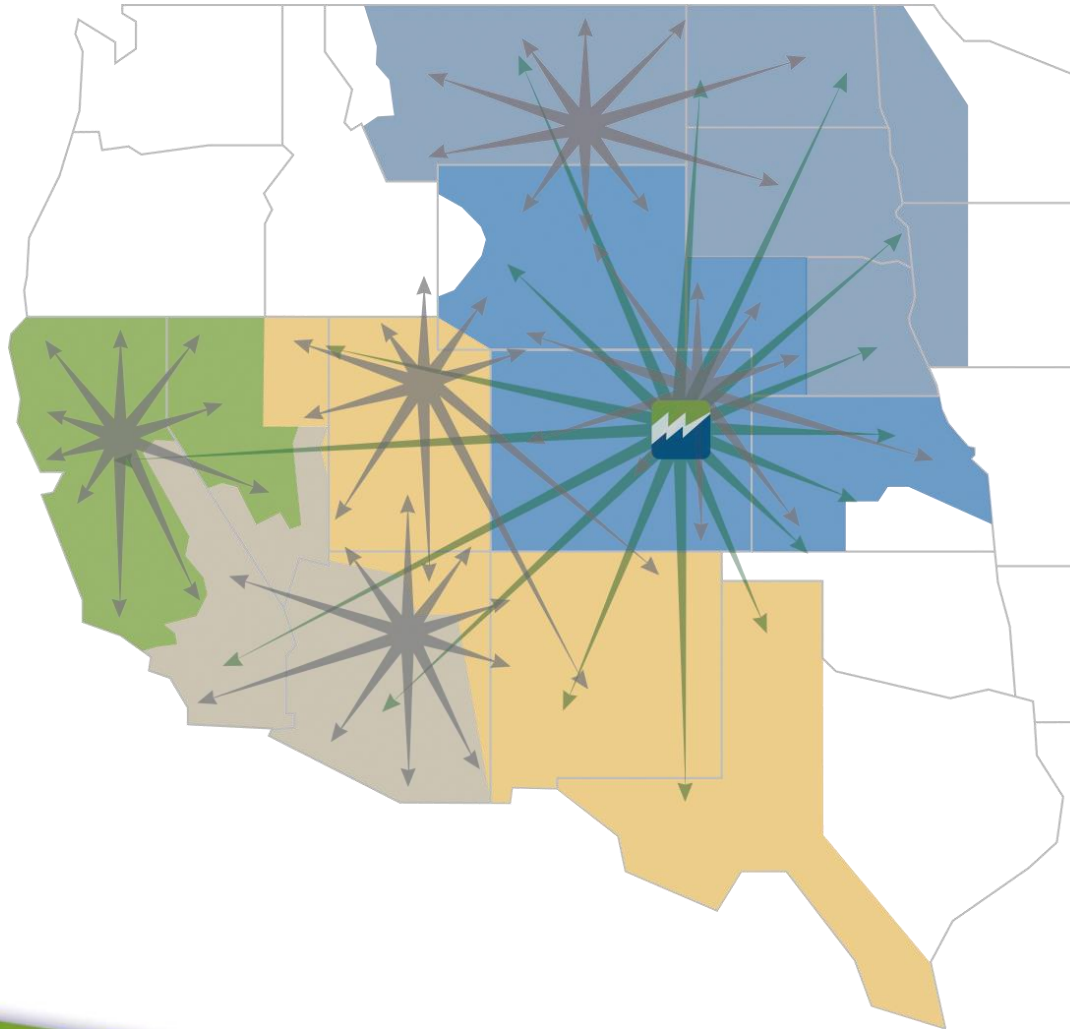
Spring 2018

Mark A. Gabriel
Administrator and CEO

WAPA: Who we are



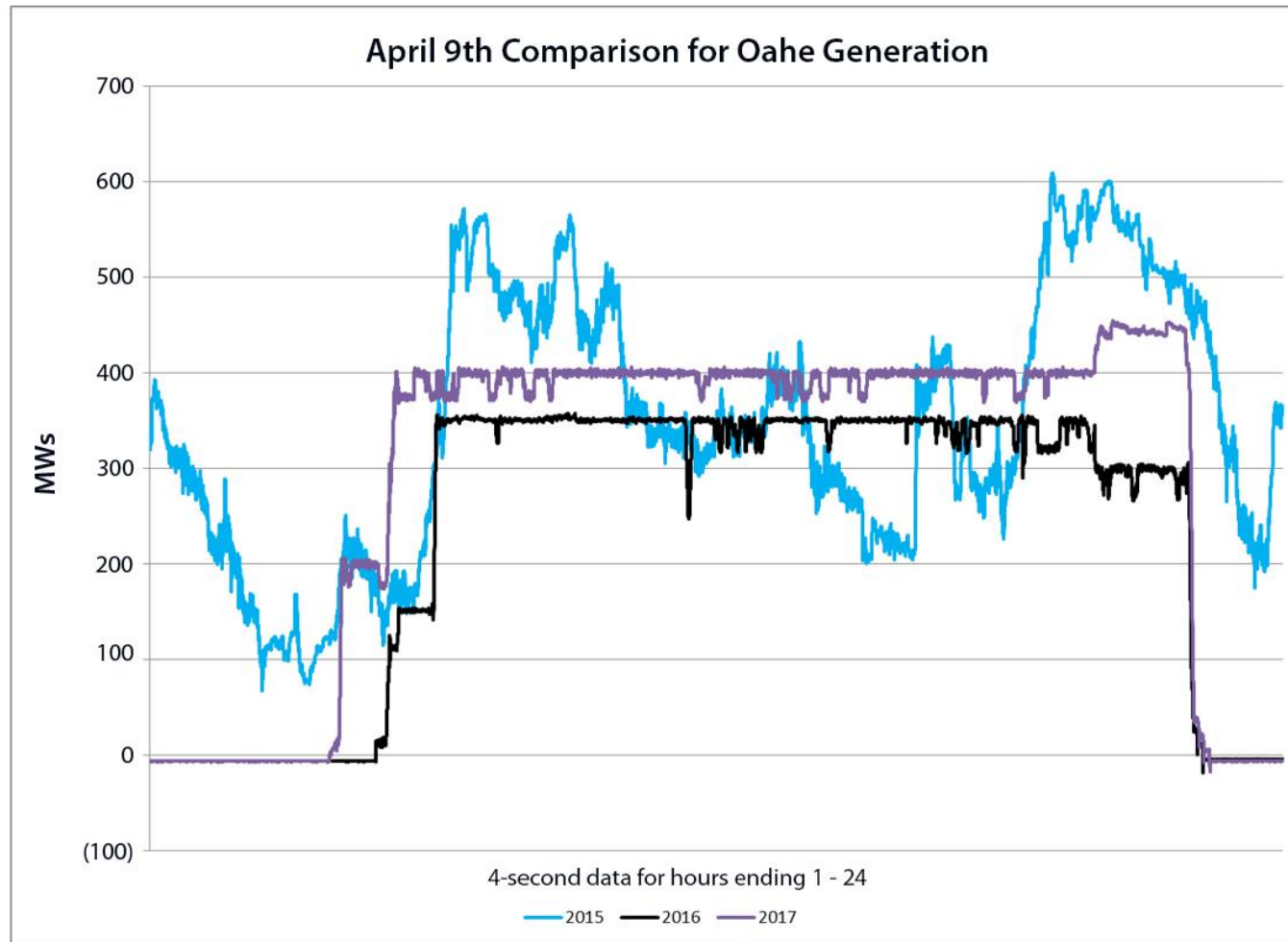
WAPA: Where we are



Change is upon us

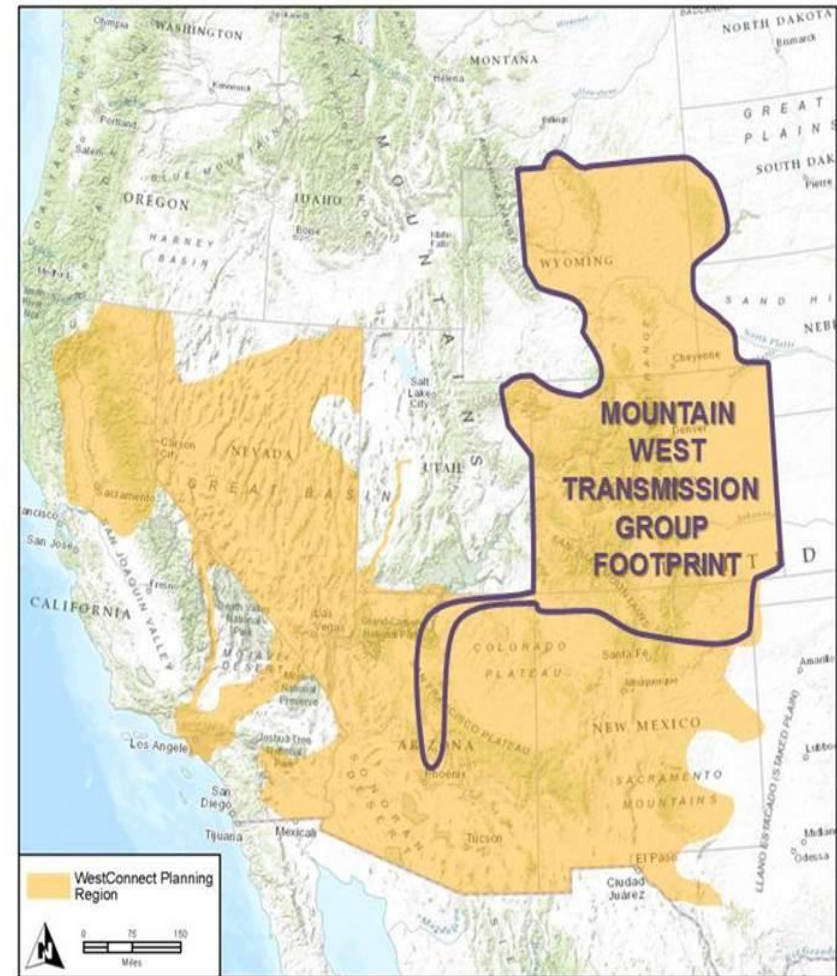


Change is upon us



Mountain West

- Formed 2013
- Eight participants
- Evaluated options
- 2018 - pursued joining SPP
- Xcel Energy pulled out
- Further evaluating options



Change brings challenges

- Aging infrastructure
- Increased regulation
- Intermittent resources
- Decreased hydro production
- More customer-side resources
- Changing markets
- Security



Fundamental change

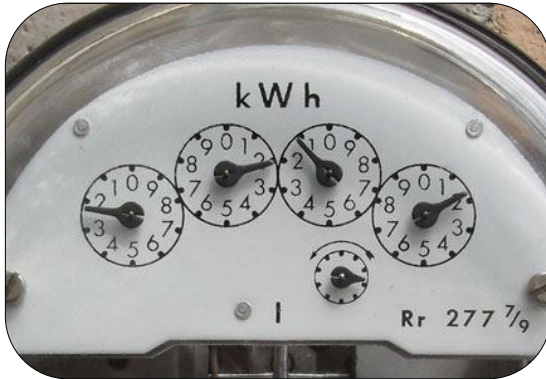
The challenge for the utility of today is not only what is real but what is perceived as real.



Societal changes



Radical thoughts ...



The kilowatt-hour
is dead



Time-of-purchase
vs. time-of-use



All-you-can-eat
energy

Economic challenge

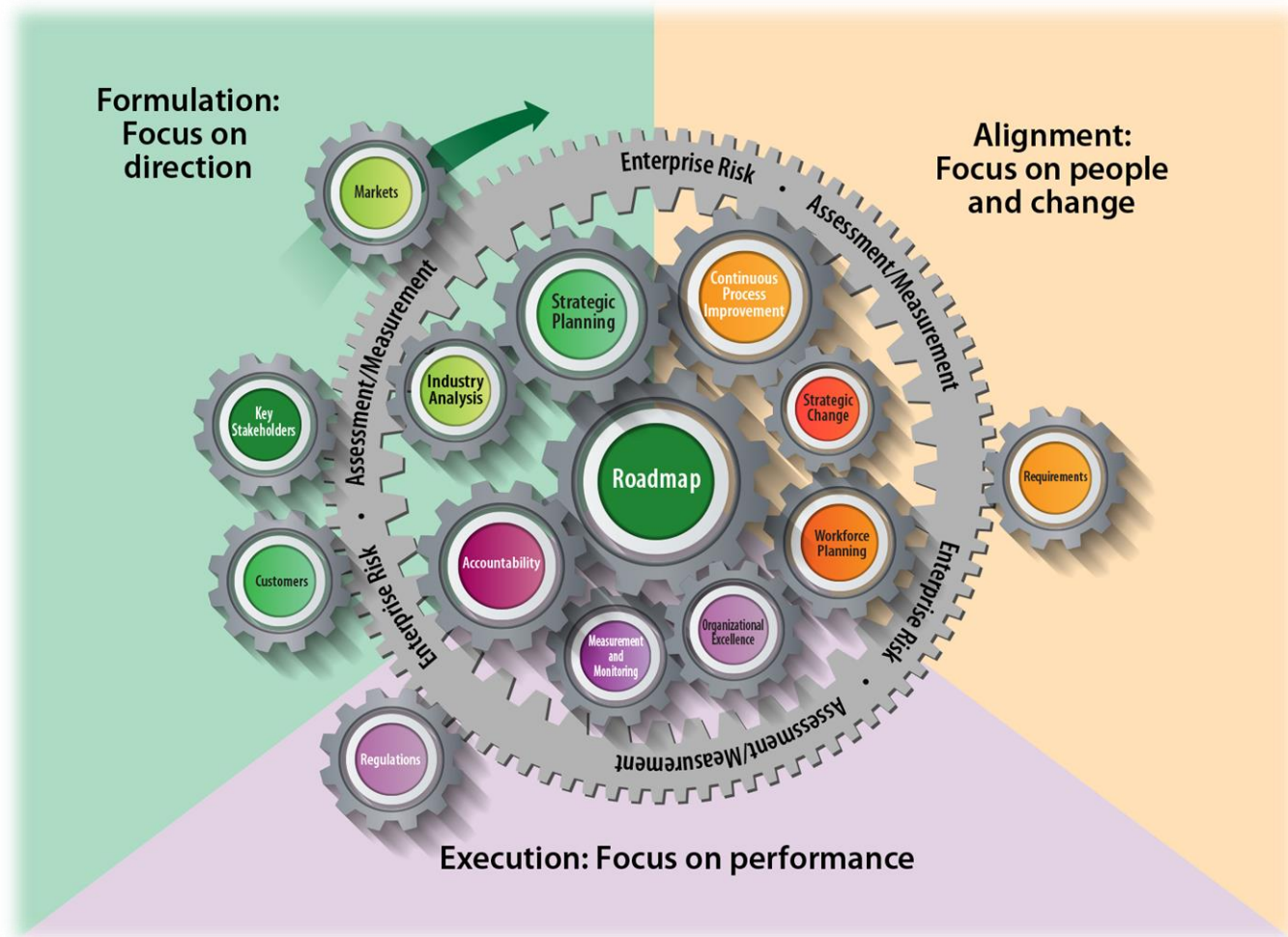
How can we manage in a
Twitter-centric world?



The future nexus



What are we doing about it?



Shift in strategic thinking

- Broader perspective
- Data-driven decisions
- Industry impacts to customers

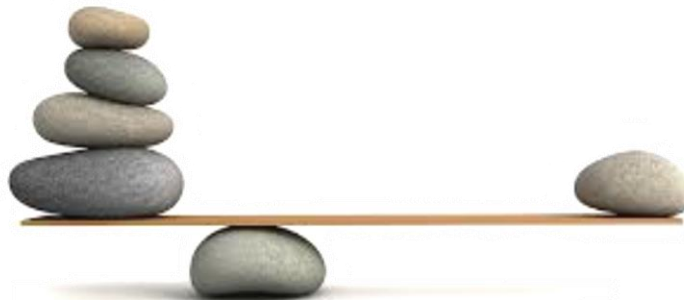


Lifecycle considerations

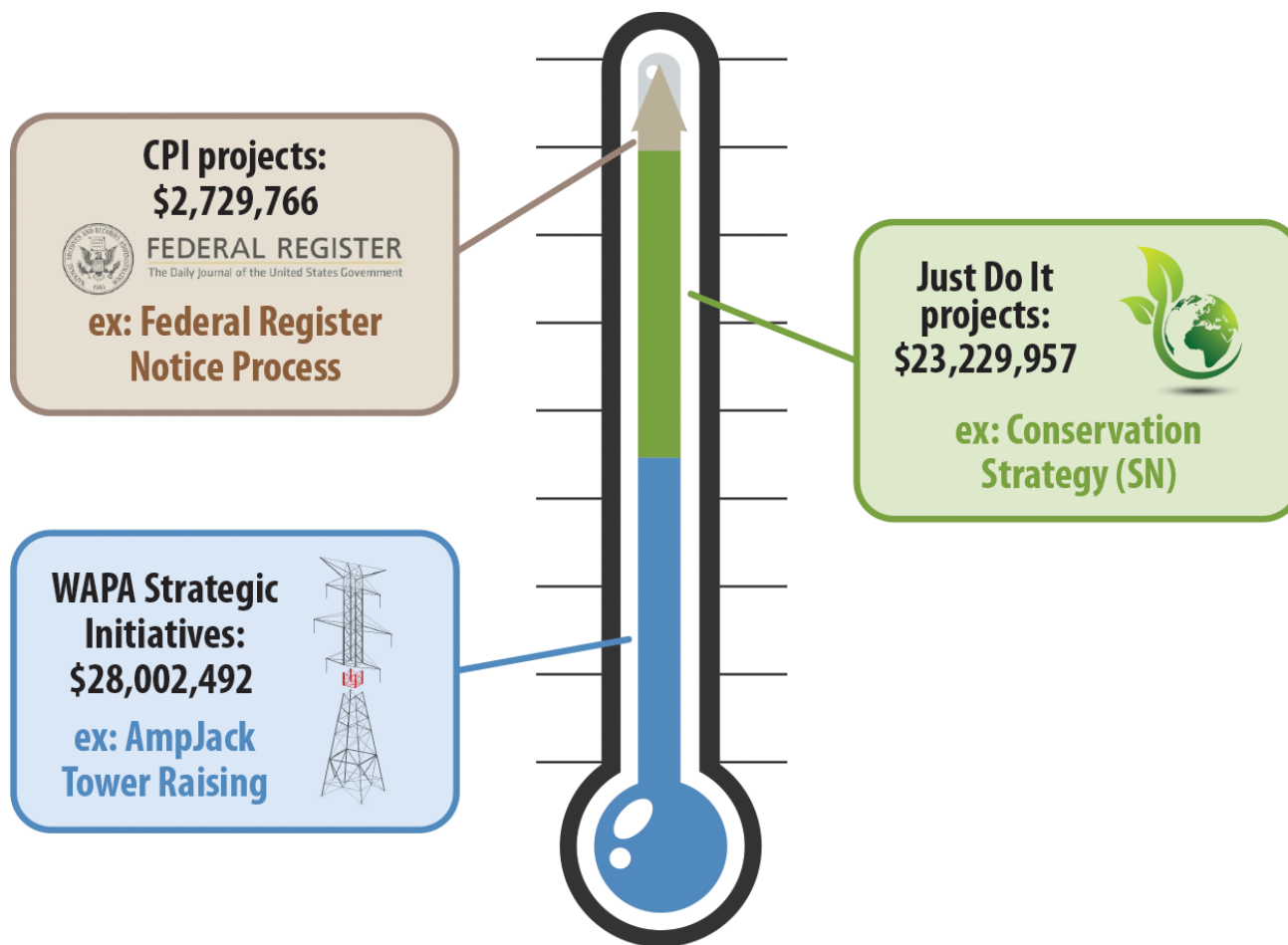


Increasing requirements

- Investments in Security
- NERC requirements
 - CIP version 5
 - Audits, mock audits
 - Alerts
 - Standards
 - FAC-003 & FAC-008
 - NATF peer reviews
- FITARA
- FISMA modernization
- OMB Circular A130
- New endangered species
- DHS binding operational directives
- OSHA requirements
 - Fall Protection 100% attachment
 - Transient over-voltage compliance
- Formalized grounding cable procedures
- GPR monitor for t-lines



Cost containment



WAPA cost savings and avoidance: \$50,000,000+ as of Sept. 30, 2017

Key takeaways

Focus on value and business excellence.
Be aware of industry trends and changes.
Continue delivering on mission.



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